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**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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TO THE SENATE COMMITTEE ON
WAYS AND MEANS

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Friday, February 23, 2018
11:00 a.m.

WRITTEN TESTIMONY ONLY

**TESTIMONY ON SENATE BILL NO. 3104, S.D. 1, RELATING TO PHARMACY
BENEFIT MANAGERS.**

TO THE HONORABLE DONOVAN M. DELA CRUZ, CHAIR, AND MEMBERS OF THE
COMMITTEE:

The Department of Commerce and Consumer Affairs (“Department”) appreciates the opportunity to testify on S.B. 3104, S.D. 1, Relating to Pharmacy Benefit Managers. My name is Gordon Ito, and I am the Insurance Commissioner (“Commissioner”) for the Department’s Insurance Division (“Division”). The Department takes no position on this bill and provides the following comments.

The purpose of this bill is to establish requirements for pharmacy benefit managers (“PBMs”) and maximum allowable cost basis reimbursements.

By repealing Hawaii Revised Statutes (“HRS”) section 328-106 and amending HRS chapter 431-R, this bill shifts jurisdiction over the regulation of maximum allowable cost basis reimbursement from the Department of Health to the Commissioner and amends those regulations.

On page 8, line 20 to page 9, line 3, the bill requires a PBM to “pay the appealing contracting pharmacy the difference between the maximum allowable cost on the day of the claim and the maximum allowable cost being appealed.” However, the bill does not

clearly define “maximum allowable cost on the day of the claim.” Maximum allowable cost is defined on page 10, lines 4-6 of the bill as “the maximum amount that a [PBM] shall reimburse a pharmacy for the cost of a drug.” Page 7, lines 7-15, while informative, merely describes acceptable bases for a pharmacy’s appeal of maximum allowable cost.

In addition, at page 6, line 8, a provision that previously required a PBM to adjust a maximum allowable cost list once every seven days now restricts the PBM to adjusting the list “only once every fourteen days[.]” Requiring PBMs to adjust lists only once every fourteen days may prompt an increase in appeals, due to discrepancies between wholesale prices and prices on the maximum allowable cost list. For example, an appeal may arise from a decline in wholesale prices during the fourteen day period in which lists may not be adjusted.

Furthermore, pursuant to language on page 9, lines 10-12, the Commissioner “**shall** adopt rules pursuant to chapter 91 to establish a process to subject complaints . . . to an external review process[.]” (emphasis added). The Department requests the restoration of “shall” to “may,” which was in the original draft, as a permissive provision would allow the Division to determine the best method to enforce this bill.

The Department further notes that S.D. 1 amends the effective date from January 1, 2020, to July 1, 2018. The 2018 effective date will not provide the Division with sufficient time to implement the procedures and obtain the resources to enforce this bill. Accordingly, to facilitate a future assessment of this shift in enforcement authority, the Department respectfully requests that this bill be amended by amending the effective date and also adding a sunset provision to section 8 on page 15, line 11: “This Act shall take effect on January 1, 2020; provided that this Act shall be repealed on January 1, 2023.”

Finally, the Department respectfully requests that its budget ceiling be adjusted to cover the fiscal impact of this bill.

Thank you for the opportunity to provide written testimony on this measure.

SB-3104-SD-1

Submitted on: 2/21/2018 10:25:14 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Catalina Cross	Testifying for Times Pharmacy	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

Catalina Cross

Director of Pharmacy

Times Pharmacy

SB-3104-SD-1

Submitted on: 2/21/2018 10:44:22 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Patrick Uyemoto	Testifying for Hawaii Pharmacists Association	Support	Yes

Comments:

The Hawaii Pharmacists Association Strongly Supports SB3104

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C.

Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

A number of local independent pharmacies have closed down or sold to a large mainland corporation. The few local independent pharmacies that are still here are struggling to survive. Pharmacies are being reimbursed below the cost of acquiring certain medications sometimes losing up to hundreds of dollars per prescription. PBMs determine how much a pharmacy is reimbursed through their Maximum Allow Cost formula and claim that pharmacies are being reimbursed at a fair price and yet they are not willing to share how they arrived at their number. The only option a pharmacy has is to submit a MAC appeal to the PBM to request a higher reimbursement or for them to simply tell us where we can purchase the medication so we can actually make a profit. All MAC appeals have been denied, hundreds have been submitted and I have not heard of one being approved. In addition, PBMs have not been able to tell us where we can purchase the medication at the price they intended. Working with the PBMs has been hopeless but local independent pharmacies continue to do everything they can to care for their patients, even dispensing medications at a loss. If the current pharmacy reimbursement model remains the same and the PBMs are not held accountable, it will only be a matter of time until all local independent pharmacies are forced to close or sell.

We urge you to please support SB3104 because it will increase transparency and set regulations for PBMs so that local independent pharmacies can continue to take care of the patients in our communities.

Thank you for the opportunity to provide testimony on SB3104

SB-3104-SD-1

Submitted on: 2/21/2018 12:17:42 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Allan Matsukado	Testifying for Shiigi Drug Co., Inc.	Support	No

Comments:

Toward the end of 2017 from approximately September to December, we began to see a drastic reduction in reimbursement from Pharmacy Benefit Managers (PBMs), particularly Caremark. Caremark has even acknowledged that the reduction in reimbursement was "intentional to see how the market responds". There were countless prescriptions daily that would yield no profit or we would lose money by filling. On some prescriptions, the amount lost would be more than \$50 and into the \$100s.

Our approach to this situation and the results would be somewhat like the following:

- When contacting the PBM directly to dispute the reimbursement or ask for clarification, no assistance was provided.
- The PBM would not consider reviewing and/or reversing the reimbursement amount, nor would they communicate why the reimbursement amount had dropped by such a large amount.
- The PBM would not state where we could obtain the drug from (cheaper vendor), which would help offset the decrease in reimbursement. Please keep in mind, even if a PBM discloses what vendor to obtain drug from, there are numerous vendors and we would possibly have to have contracts with a large number of vendors, which we do not currently have.
- We would be left with the task of trying to source a cheaper drug at that moment, which of course utilizes more time, energy and resources. And a cheaper drug was rarely found to the point where it would have flipped the profit margin on the prescription.

Another problem we encountered was that while attempting to report a PBM for non-compliance, we ran into a wall. No one within the different state government agencies seemed to know who had oversight of the PBMs. We tried Department of Health, Commerce and Consumer Affairs and the Insurance Commission, but no one could assist and hold the PBM accountable.

As a pharmacy, our main focus should be on providing the customer with the right drug along with proper care and attention. As a local, independent pharmacy, we truly do take pride in giving each customer individualized attention. When our attention is taken off of these goals, and placed on sourcing drugs because a PBM chooses to drop

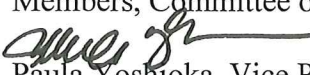
reimbursement without notice, needless to say that ultimately, the customer is negatively impacted.

To date, the money lost while the PBMs intentionally dropped their reimbursement rates has not be recouped, nor have the PBMs given any indication that they intend to repay or even reconsider the claims that were "underwater". The implementation of SB3104 would help to deter PBMs from taking such unfair, unethcial and drastic actions in the future.



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Members, Committee on Ways and Means

From:  Paula Yoshioka, Vice President, Government Relations and External Affairs, The Queen's Health Systems

Date: February 21, 2018

Hrg: Senate Committee on Ways and Means Hearing; Friday, February 23, 2018 at 11:00 A.M. in Room 211

Re: **Support for S.B. 3104, SD1 Relating to Pharmacy Benefit Managers**

My name is Paula Yoshioka and I am the Vice President for Government Relations and External Affairs for The Queen's Health Systems (Queen's). I appreciate the opportunity to provide testimony in **support** of S.B. 3104, SD1 Relating to Pharmacy Benefit Managers (PBMs). This bill would all pharmacies to obtain a comprehensive maximum allowable cost (MAC) lists from PBMs, file complaints with the Department of Commerce and Consumer Affairs (DCCA) in situations where PBMs do not disclose drug prices, and clarifies penalties for violations of MAC list disclosure requirements.

MAC lists vary between PBMs and there can be multiple MAC lists. Because PBMs control the formularies for prices like those through MAC lists, they have the ability create pricing uncertainty for pharmacies. We have experienced situations where MAC list prices were lower than what our pharmacy could acquire with our purchasing power. Strengthening the ability of pharmacies to receive timely MAC lists and provide timelines for PBM updates on multi-source generic drugs is important for the functioning of local pharmacies in Hawaii so that they may continue to serve our community.

Having greater transparency in the data sources that PBMs utilize to derive costs will greatly benefit our pharmacies and patients. Thank you for the opportunity to testify on this measure.

SB-3104-SD-1

Submitted on: 2/21/2018 12:34:12 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Anolani Kailio	Testifying for Waimanalo Pharmacy INC	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 5:30:59 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alexander Latif	Testifying for NORTSHORE PHARMACY	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C.

Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

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Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 5:35:15 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Betsy Anderson	Testifying for northshore pharmacy	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C.

Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

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Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 10:09:21 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jake Blechta	Testifying for ElixRx Pharmacy	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our community.

Thank you for this opportunity to provide testimony on SB 3401.

Jake Blechta

ElixRx

SB-3104-SD-1

Submitted on: 2/21/2018 10:57:54 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carrie Shibata	Testifying for Times Pharmacy	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agarn, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB3401.

Carrie Shibata, Staff Pharmacist

Times Supermarket

Aiea Shopping Center

99-115 Aiea Hts. Dr.

Aiea, Hawaii 96701

(808) 542-8364

SB-3104-SD-1

Submitted on: 2/21/2018 11:31:06 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie S Yonamine	Testifying for 1962	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3104.

Laurie
Yonamine
st

Pharmaci

Times
Supermarket
ea Shopping
Center
Aiea Heights
Drive
HI 96701
808-483-3071

Ai

99-115

Aiea,

SB-3104-SD-1

Submitted on: 2/22/2018 2:13:57 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Brian Carter	Testifying for Westside Pharmacy	Support	No

Comments:

STRONGLY SUPPORT SB3104

I find it interesting that a contract for my pharmacy has 35 pages of things I must do to fulfill my obligations to the PBM or insurance company and the payment responsibility of the PBM is summed up in 3 letters, MAC.

MAC is a mystery term used to mean maximum allowable cost. It is a mystery how it is calculated and changes at the whim of the insurer or PBM (most often the PBM).

In what industry does someone sign a contract that has no rationale for determining payment? The pharmacy has things they HAVE to do but the PBM pays.....well....whatever they want. Even better the PBM which is determining payment for my pharmacy has a pharmacy of their own right up the street and there is NOTHING preventing them from paying themselves twice to three times as much for the same services.

Our community pharmacy returns income from the community directly back into our communities. We need legislation to protect our patients' access to medication because without substantial changes in the industry there will not be a community pharmacy to go to.

This situation is unfair and needs to be corrected as soon as possible.

Aloha,

Brian Carter RPh

SB-3104-SD-1

Submitted on: 2/22/2018 4:51:37 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kerri Okamura	Testifying for KTA Super Stores	Support	No

Comments:

KTA Super Stores operates 4 pharmacies on the Island of Hawaii. SB3104 will increase transparency and regulation of PBMs. We strongly support this bill.

SB-3104-SD-1

Submitted on: 2/22/2018 10:07:12 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Miles Nakatsu	Testifying for Ululani Pharmacy	Support	No

Comments:

The passage of this bill is essential to the survival of independent pharmacy in the State of Hawaii. Because of deceptive and non-cooperation from the Pharmacy Benefits Managers (PBMs) reimbursements have been below our acquisition costs, therefore making it difficult for us to serve our customers. We've already had to trim our staff to the bare bones just to make ends meet. The PBMs appear to steer the public to the big box stores (CVS in particular) with their mailings and calling of customers in the guise of trying to assist them. We want to serve our customers and your voters. They deserve the freedom of choice to choose whichever pharmacy they so desire to do business with.

MOLOKAI DRUGS, INC.
P.O. Box 558
Kaunakakai, HI 96748-0558
Phone 808-553-5790

February 22, 2018

Re: Testimony in Support of SB3104, SD1

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means:

I am Kimberly Mikami Svetin, the president of Molokai Drugs. For 83 years, we have provided pharmacy services for over 7,000 residents on Molokai.

Until Medicare Part D started in 2006, HMSA was the majority drug/medical provider on Molokai and in Hawaii. HMSA provided the drug benefits for the majority of Molokai's residents. Every quarter, our pharmacy would receive a MAC (or "Maximum Allowable Cost") drug list in a mailed manila envelope. We knew for the entire three months what price we could buy a drug at because the MAC pricing was set. MAC prices are the top limits that a PBM (or prescription drug benefit plan) will pay Molokai Drugs for generic brands and brand name drugs that have generic drugs available (multi-source brands).

However, HMSA does not maintain its pharmacy benefits management (PBM) in Hawaii. HMSA—as well as other insurance companies—all use companies headquartered on the mainland. We have PBM contracts that mandate what we can and cannot say to you, our Legislators. Because of these contracts, I cannot show them to you or name the PBMs involved or risk our pharmacy being taken out of the PBMs' Hawaii network(s).

Our drug contracts mandate that we cannot deny any prescription. Molokai Drugs will fill every prescription sent to us, even medicine reimbursed under our cost. This happens to our pharmacy every, single day.

On February 21, 2018 (yesterday), Molokai Drugs filled nine prescriptions at a loss of -\$66.64.

We filled and dispensed each of the prescriptions without knowing what we would be reimbursed until after adjudication (claim processed). Without this medicine for these chronic situations, the patients could have gotten sick, gone to the emergency room (which would have cost the insurance company even more), been air-ambulated off-island or something even worse.

In the past, we have filled single prescriptions at a loss of over -\$75.00 or more. We fill these prescriptions not knowing what we will be paid because the MAC pricing can change at any time with no warning.

As a rural pharmacy, we are asking for your support of SB3104, SD1 to help us manage the cost and access to prescription drugs for our rural consumers. We are told by the PBMs what we should be able to find a drug priced at. We are not told where to buy the drug. SB3104, SD1 will also tell us where we can buy the drug.

In conclusion, we believe SB3104, SD1 will help Hawaii residents by allowing community pharmacies to dispense medicine safely and at the right price; provide patients with access to their medicines since community pharmacies will know the price of the drug and will be able to maintain appropriate inventories; and, finally, help Hawaii's 78 community pharmacies provide employment to over 700 employees.

Our 78 independent pharmacies are important pillars in Hawaii and give back to their communities, especially in rural areas such as Molokai. Mahalo for allowing me to submit testimony on behalf of our Molokai patients.

Sincerely,



Kimberly Mikami Svetin, President

SB-3104-SD-1

Submitted on: 2/21/2018 8:31:53 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Taniguchi, Pharm.D.	Individual	Support	No

Comments:

SB-3104-SD-1

Submitted on: 2/21/2018 10:41:12 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Richard S. Mejia	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer **strong** support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

Richard Mejia, RPh.

February 21, 2018
Support for SB3104

Dear Members of the Committee,

My name is Keri Oyadomari and I am a community pharmacist here in Honolulu. I am testifying my support for SB3104. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations. They work with both pharmacies and insurance providers in determining reimbursements for drugs that are dispensed. Pharmacy Benefits Managers set the amount that pharmacies are reimbursed for drugs.

According to previous legislation passed, the pharmacy has the right to appeal this reimbursement if it is below cost, within a designated time period. However, almost all of our appeals result in no success. Many independent pharmacies nationwide have been bought out or been forced to shut down because of this issue. As a pharmacist at an independent pharmacy, we are able to provide many beneficial and free services to our patients that larger corporations cannot. With the pattern of below cost reimbursements, it will be difficult to continue to provide free services, and furthermore stay in business.

We believe this bill will promote better transparency of prescription drug pricing and protect our patients and independent pharmacies across the state.

Thank you for the opportunity to submit testimony.

Sincerely,

Keri Oyadomari, Pharm.D.

February 21, 2018
Support for SB3104

Dear Members of the Committee,

My name is Derek Tengan and I am a pharmacist and pharmacy owner of an independent pharmacy with four locations here on the island of Oahu. I am writing to testify my support for SB3104 relating to Pharmacy Benefit Mangers (PBMs).

Pharmacy Benefit Managers determine how much a pharmacy is reimbursed for a drug. If a PBM were to reimburse a pharmacy below the pharmacy's purchasing cost, the pharmacy had the right to appeal and receive a decision within 14 days. We have been denied 90% of our appeals. I am the owner of an independent pharmacy with four locations. In the year 2016, we measured a total of 26,258 prescriptions that we dispensed in which we made less than zero dollars, or a negative profit. This means for 26,258 instances, we were reimbursed less than the amount we purchased the drug for. This negative profit does not take into account labor hours, utilities, and other expenses that any pharmacy will face.

SB3104 will help protect independent pharmacies statewide to stay open, and furthermore continue to provide valuable personalized services to their communities. We believe this will promote better transparency of prescription drug pricing for patients, healthcare providers, and independent pharmacies in our state.

Thank you for the opportunity to submit testimony.

Sincerely,

Derek Tengan, Pharm.D.

SB-3104-SD-1

Submitted on: 2/21/2018 12:21:17 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
greg harmon	Individual	Support	No

Comments:

This new bill is very important to my business survival as an independent rural community pharmacy on the Big Island. These destructive business practices currently in place by PBM's

will eliminate competition and force my community to lose access to necessary medications.

The public will need to drive 42 miles or more to obtain prescription medications. I strongly recommend enforcement for any violations to go through DCCA due to poor support from the current DOH. Please pass this bill in support of healthy outcomes for all patients and consumers that need critical care access in rural Hawaii.

Greg Harmon, RPh Kamehameha Pharmacy, po box 610 Kapaau, HI 96755

SB-3104-SD-1

Submitted on: 2/21/2018 12:21:53 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Okamura	Individual	Support	No

Comments:

Strongly support SB 3104 SD1.

SB-3104-SD-1

Submitted on: 2/21/2018 12:30:00 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Gerry Fujii	Individual	Support	No

Comments:

Transparency by these big box PBM is essential to the survival of independent pharmacies. They are being slowly eliminated by these PBM's who are owned by big chain pharmacies. Need to support local professionals.

SB-3104-SD-1

Submitted on: 2/21/2018 12:30:20 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dayna Wong-Otis	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

Dayna Wong-Otis, Pharm.D.

February 22, 2018
Support for SB3104

Dear Members of the Committee,

My name is Joo Kim and I am a Business Director and active member of the community here in Honolulu. I am testifying my support for SB3072. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations. They work with both pharmacies and insurance providers in determining reimbursements for drugs that are dispensed. Pharmacy Benefits Managers set the amount that pharmacies are reimbursed for drugs.

I believe this bill will promote better transparency of prescription drug pricing for patients, healthcare providers and independent pharmacies.

Thank you for the opportunity to submit testimony.

Sincerely,
Joo Kim

February 21, 2018
Support for SB3104

Dear Members of the Committee,

My name is Lauri Madanay and I am a clinical nurse specialist for 5 Minute Pharmacy here in Honolulu. I am testifying my support for SB3104. Pharmacy Benefit Managers currently affect every aspect of a pharmacy's business operations. They work with both pharmacies and insurance providers in determining reimbursements for drugs that are dispensed. Pharmacy Benefits Managers set the amount that pharmacies are reimbursed for drugs.

As the nurse for an independent pharmacy, I am able to provide many beneficial and free services to our patients that larger corporations cannot. I currently have over 70 patients that I provide a free service of long acting psych-injection administration to at their home or place or residence. I previously worked for a different independent pharmacy who was purchased last year by CVS. Unfortunately they were not able to maintain my services after the purchase, so I found another independent pharmacy able to allow me to provide my services to my patients. With the pattern of below cost reimbursements, it will be difficult to continue to provide these free services to my patients.

This bill will promote better transparency of prescription drug pricing for patients, healthcare providers and independent pharmacies. This bill will allow us to continue providing beneficial free and personalized care to our patients.

Thank you for the opportunity to submit testimony.

Sincerely,

Lauri Madanay, RN

SB-3104-SD-1

Submitted on: 2/21/2018 12:55:57 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelli Kunihiro	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members fo the Ways and Means Committee

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Thank you for this opportunity to provide testimony on SB 3401.

Kelli Kunihiro, RPh

SB-3104-SD-1

Submitted on: 2/21/2018 1:14:54 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Chikuma	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee:

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3104.

Christine Chikuma

Times Pharmacy McCully

Pharmacist and Dept. Manager

SB-3104-SD-1

Submitted on: 2/21/2018 1:31:51 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tia Medeiros	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

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Thank you for this opportunity to provide testimony on SB 3104.

SB-3104-SD-1

Submitted on: 2/21/2018 1:43:36 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lori Wong	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

Lori Wong

SB-3104-SD-1

Submitted on: 2/21/2018 1:47:55 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Royden Wong	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

Royden Wong

SB-3104-SD-1

Submitted on: 2/21/2018 1:55:28 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tsuruyo Fukushima	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104. Thank you for this opportunity to provide testimony.

Tsuruyo Fukushima

SB-3104-SD-1

Submitted on: 2/21/2018 4:11:23 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

SB-3104-SD-1

Submitted on: 2/21/2018 4:32:37 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christina Wong	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 4:50:46 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Sherry Baysa	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C.

Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 4:56:21 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Hilary Viernes	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C.

Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 5:21:58 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jessica Lo	Individual	Support	No

Comments:

SB-3104-SD-1

Submitted on: 2/21/2018 6:43:47 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
amy esmeralda	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

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I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

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Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 8:51:20 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
June Gustina	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/21/2018 9:23:33 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Martha Harkey	Individual	Support	No

Comments:

I strongly support SB3104 which is critical for managing the cost of prescription medications and for providing continued access to medications for patients.

SB-3104-SD-1

Submitted on: 2/21/2018 9:42:04 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Hiromi Saito	Individual	Support	No

Comments:

SB 3104 - Relating to Pharmacy Benefit Managers

I am a registered pharmacist. I am strongly support for SB 3104.

There are so many unknown, unexplained price setting and cost changing, which effects negatively in patients care. This bill will increase transparency and help patients access better to prescription medications that they need.

Thank you for the opportunity for my testimony.

Hiromi Saito RPh

SB-3104-SD-1

Submitted on: 2/21/2018 10:16:49 PM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Roger Nishimura	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to express my Sincere and Ardent support for SB 3104. The importance of this bill will be crucial for the Future of Not Only Pharmacies, but the Quality of and Access of Health Care in Hawaii. There will be far reaching consequences if PBMs are allowed to set arbitrary limits which cannot be challenged or have any basis for fairness. I am confident that with the Senate's abundant experience with these type of matters you can see some of the potential detrimental effects of not reigning in PBMs strangling hold on pricing. If PBM's are allowed to continue unchecked; small businesses / pharmacies will be forced to close, leaving ONLY Big Box pharmacies and monopolies to then thrive. The Public will definitely not be better served with this situation and then Negatives effects of this result will not be fully appreciated until it is too late. I therefore Implore all Senators to look closely and Support SB 3104

Sincerely Yours,

Roger Nishimura

Pharmacist

SB-3104-SD-1

Submitted on: 2/22/2018 7:21:29 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Akiyama-Paik	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/22/2018 8:17:40 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erika Miyahira	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

My name is Erika Miyahira and I am a Pharmacist at an Independent Pharmacy. I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities. This in turn affects patient care and the livelihood of our patients as well as our employees.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/22/2018 7:24:49 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Janice Smith	Individual	Support	No

Comments:

SB 3104 - RELATING TO PHARMACY BENEFIT MANAGERS

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C.

Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/22/2018 8:23:15 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Larry Tong	Individual	Support	No

Comments:

SB 3104 PHARMACY BENEFIT MANAGERS

Dear Senators,

As a pharmacist for more than 3 decades, I have seen the whole spectrum of pharmacy, from when the Health Plans administered their own plans and to the evolution of Pharmacy Benefit Managers (PBM's). As I still remember, pharmacist and pharmacies still dispense the medications; have the liability, pay for their inventory and their employees. We do the MAJORITY of the work, from the intake to the final dispensing, what has the PBM's done other than regulate this and that? I am seeking for more fairness, and I support SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for our clients.

Thank you for the opportunity to provide testimony on SB 3401.

Larry Tong

SB-3104-SD-1

Submitted on: 2/22/2018 8:33:00 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
TRENTON D. TERUYA	Individual	Support	No

Comments:

To the Honorable: Senator Donovan M. Dela Cruz, Chair, Senator Gilbert S.C. Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I am writing to offer strong support for SB 3104, which will increase transparency and regulation to better manage the cost and access to prescription drugs for the patients we serve in our communities.

Thank you for this opportunity to provide testimony on SB 3401.

SB-3104-SD-1

Submitted on: 2/22/2018 9:14:57 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Glick	Individual	Support	No

Comments:

I have been a pharmacist in Hawaii since 1982 and since that time Pharmacy Benefit Managers have taken a dominant role in the managing of the prescriptions I dispense to my patients. PBM's determine what medications my patients can receive in contradiction to a physicians orders, pick the pharmacy the patient can receive services from and determine the amount I receive for the care I provide. In the majority of cases the pharmacist receive ZERO dispensing fee or perhaps less than a dollar. This includes the package, label etc as well as the professional time we are mandated by law to provide. In addition the drugs are frequently paid under my cost to purchase. Eventhough in 2015 Hawaii enacted laws to prevent PBM's from underpaying for medications these laws are completely ignored. Of the hundreds of claims underpaid in my pharmacy less than 1% (one percent) are responded to according to the law! SB3104 seeks to prevent the destruction of the pharmacy network in Hawaii by the pharmacy benefit managers. Our patients deserve the right to receive care from the provider of their choice and that provider needs to be treated in a fair manner. Pharmacy Benefit Managers need to be accountable to the state of Hawaii and SB3104 seeks to hold them accountable.

SB-3104-SD-1

Submitted on: 2/22/2018 9:58:40 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
CTarleton	Individual	Support	No

Comments:

Aloha Chairman Donovan Dela Cruz and Committee,

I was picking up prescriptions recently, and our pharmacist mentioned something about the inadequacy of their reimbursements. If I understood correctly, the pharmacy loses money on some prescriptions, and my response to that was, "Who do we talk to about this?!"

I appreciate our local independent pharmacy very much. It is an important convenience for Waikoloa and our greying population, one that we are happy to support, and one that should be successful. As someone who pays quite a bit for health insurance off the marketplace, I would like to know that my money supports the services I need for my health.

The pharmacist mentioned SB3104 which has to do with pharmacy costs, and I was happy to see that there is a bill in place to help remedy this serious situation. Thank you for supporting this bill - and while I don't begin to understand how it works, I trust that you do, and that it will continue to receive your support.

Please let me know if there is some way we in Waikoloa can assist.

Mahalo,

Catherine Tarleton

P.O. Box 384896, Waikoloa, Hawai'i Island 96738

[808-339-8903](tel:808-339-8903)

SB-3104-SD-1

Submitted on: 2/22/2018 10:31:01 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Chauncie R	Individual	Support	No

Comments:

I have been purchasing inventory for a pharmacy for 3 years now and have noticed a drastic change in the number of underpayments within the last year. My job is solely inventory and I shop aggressively to find the cheapest price for each drug. I get at least 10 to 15 underpayments per day placed on my desk. We are not getting reimbursed properly according to the current law. Please support the passage of this bill in its entirety.

SB-3104-SD-1

Submitted on: 2/22/2018 10:56:01 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeff Chomiuk	Individual	Support	No

Comments:

I strongly support SB-3104 as pharmacist working in an independent pharmacy. We currently submit MAC a large percent of claims for MAC review. Of those claims the majority..greater than 99% are denied without any knowledge of where we can purchase these medications at the rate the PBM are stating.

The logic to determine MAC does not seem to be the same consistent. For example, we have numerous examples of **the same drug, filled for the same patient, billed to the exact same plan, billed the exact same date, with the only difference being filled a 90 days supply (90 tablets) then reversed because the patient wants only 30 days supply (30 tablets) have a different MAC price for the SAME drug.** If the definition of a MAC drug is based on the purchase price of the drug, the MAC price should be identical for the same medication (same NDC). The pharmacy does not pay a different price for 90 tablets vs 30 tablets for the same drug, same NDC. The logic used to determine MAC is only for the benefit of the PBM.

The inconsitancy and the out right abuse by the PBM needs to have this legislation passed. Without this legisation, PBM's will contine to abuse and increase the decline of our community pharamcies serving our citizens of Hawaii.

SB-3104-SD-1

Submitted on: 2/22/2018 10:57:15 AM

Testimony for WAM on 2/23/2018 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mervin Lum	Individual	Support	No

Comments:

To the Honorable: Senator Donovan Dela Cruz, Chair, Senator Gilbert Keith-Agaran, Vice Chair, and Members of the Ways and Means Committee

I would like to express my strong support for SB 3104. I believe this bill will improve the transparency of the PBMs and will help to manage prescription costs. By passing this bill, I believe this will also allow our patients to be able to have continued access to their medications in their community pharmacy if they so choose.